

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

GVNW Consulting, Inc. on behalf of)
Adams Telephone Co-Operative, Inc.,)
Grandview Mutual Telephone Company,)
and Kinsman Mutual Telephone Company)
Petition requesting an Emergency Order with)
regard to Intrastate Access Charges of)
Incumbent Local Exchange Carriers serving)
35,000 or fewer Access Lines.)

Docket No. 01-0808

DIRECT TESTIMONY

OF

JAMES P. BECKER

ON BEHALF OF

ADAMS TELEPHONE CO-OPERATIVE, GRANDVIEW MUTUAL
TELEPHONE COMPANY AND KINSMAN MUTUAL TELEPHONE COMPANY

October 25, 2002

47 Q. Please state your name and business address.

48

49 A. My name is James P. Becker, and my business address is 3220 Pleasant Run,
50 Springfield, Illinois 62707.

51

52 Q. By whom are you employed and in what capacity?

53 A. I am a Senior Consultant of GVNW Consulting, Inc., a consulting firm
54 specializing in working with small telephone companies.

55

56 Q. Would you please outline your educational background and business experience?

57 A. I obtained my Bachelors of Accounting and Finance degrees from University of
58 Wisconsin- Oshkosh in 1996 and joined TDS Telecom in May of that year. I
59 served as a staff accountant and a senior accountant in the Governmental Affairs
60 Department -Revenue and Earnings until October 1998. In October 1998, I
61 assumed the position of Consultant Analyst of GVNW Inc./Management (the
62 predecessor company to GVNW Consulting, Inc.) and was later promoted to the
63 position of Management Consultant and to my current position of Senior
64 Consultant.

65

66 Q. What are your responsibilities in your present position?

67 A. In my current position, I consult with independent telephone companies and
68 provide financial analysis and management advice in areas of concern to these
69 companies. Specific activities, which I perform for client companies, include
70 regulatory analysis, cost consulting, financial analysis, business planning, rate

71 design and tariff matters, traffic analysis, toll consulting, and general management
72 consulting.

73

74 Q. Who are you representing in this proceeding?

75 A. I am representing and presenting testimony on behalf of Adams Telephone Co-
76 Operative (“Adams”), Grandview Mutual Telephone Company (“Grandview”)
77 and Kinsman Mutual Telephone Company (“Kinsman”). All three are companies
78 serving 35,000 or fewer access lines and subject to the provisions of Section 13-
79 504 of The Illinois Public Utilities Act (“Act”).

80

81 These three companies were not included within the individual company
82 information and compilations of the various Scenarios and Outcomes that Robert
83 C. Schoonmaker is presenting in his testimony on behalf of the Illinois
84 Independent Telephone Association (“IITA”), because they are not members of
85 the IITA. Adams, Grandview, and Kinsman are all “average schedule”. I will
86 refer to them as Non-IITA companies.

87

88 Q. With regard to the carrier access charge issues and related universal support
89 service issues, are you familiar with the background of the existing Orders related
90 to those issues in Illinois?

91 A. Yes, I am. I consulted with and assisted in preparing data for many of the IITA
92 member companies in Consolidated Docket Nos. 00-0233 and 00-0335 involving
93 the establishment of the Illinois Universal Service Support Fund pursuant to

94 Section 13-301(d) of the Act. Additionally, I have reviewed the carrier access
95 charge and universal service issues in Docket Nos. 83-0142 and 90-0425 with
96 regard to carrier access charges and the establishment of the Illinois High Cost
97 Fund.

98
99 Q. Please give an overview of your testimony.

100 A. I am providing Exhibit 1, Attachment 3 for Adams that displays an illustrative
101 example of the impact of the IITA's interim proposal on the Non-IITA
102 companies. The IITA's methodology recommends that small companies be
103 authorized to establish intrastate carrier access charges and rates. An estimate of
104 the impact of the IITA's interim proposal is presented for Adams in Exhibit 1,
105 Attachment 3, which sought USF support in Consolidated Docket Nos. 00-0233
106 and 00-0335 based upon year 2000 financial information as used by the
107 Commission in those proceedings. Grandview and Kinsman did not file for USF
108 support in Consolidated Docket Nos. 00-0233 and 00-0335.

109
110 Finally, pursuant to the Scoping Order, I will be presenting various Schedules that
111 will provide an estimate of the various Scenarios and Outcomes outlined in the
112 Scoping Order for Adams, Grandview, and Kinsman.

113
114 Q. Please describe whether there are different types or groups of Non-IITA member
115 companies with regard to how their carrier access charges are developed and
116 filed.

117 A. There are two different groups of companies. First, there are the “cost
118 companies” whose interstate access charges are based on individual company
119 costs and applicable Rules and Orders of the FCC. Those companies’ intrastate
120 access charges have been and are developed and filed based upon this
121 Commission’s requirements as set forth in applicable Orders entered in Docket
122 Nos. 83-0142 and 90-0425 pertaining to “cost companies” that are rate-of-return
123 regulated.

124
125 The second group of companies are the “average schedule companies” whose
126 interstate access charges are filed by the National Exchange Carrier Association
127 (“NECA”) and whose interstate access compensations are determined based upon
128 Schedules developed by NECA, all in accordance with applicable FCC Rules and
129 Orders. Those companies’ intrastate access rates are developed and filed by the
130 Illinois Small Company Exchange Carrier Association (“ISCECA”) in accordance
131 with this Commission’s requirements as set forth in applicable Orders entered in
132 Docket Nos. 83-0142 and 90-0425 applicable to average schedule companies that
133 are rate-of-return regulated.

134
135 All of the Non-IITA member companies are “average schedule companies”.

136

137 Q. Please describe how the attached schedules were developed.

138 A. All of the attached schedules were developed based on the methodology described
139 in Robert C. Schoonmaker’s testimony filed on behalf of the IITA.

140

141 Q. Have you prepared a schedule summarizing the state revenue requirements for the
142 companies for which you have prepared these illustrative individual company
143 schedules?

144 A. Yes. GVNW Exhibit 1, Attachment 2 (Proprietary) is a summary schedule that I
145 have prepared. The schedule shows for Adams the overall state switched access
146 requirement that has been developed and an estimated average intrastate access
147 rate that would result from that access requirement.

148

149 Q. Do the attached Schedules demonstrate that (but for the freeze pursuant to the
150 Interim Order) Non- IITA member companies, collectively, would have sustained
151 reductions in intrastate carrier access revenues by “mirroring with adjustments”
152 interstate access rates filed pursuant to the MAG Order?

153 A. Yes, that is correct. While the information and Schedules presented pursuant to
154 the Scoping Order only provide estimated impacts based upon applying individual
155 company 2001 minutes of use to relevant interstate and intrastate access charge
156 rate elements, they provide useful information concerning the relative impact on
157 intrastate access revenues under various “mirroring” Scenarios. Attachment 4.02
158 shows an estimated intrastate access charge revenue reduction of \$256,092 if
159 current interstate access rates were mirrored with all adjustments pursuant to prior
160 Illinois Orders. Attachment 4.03 shows that estimated impact to be \$256,092 if
161 interstate access charges were mirrored with adjustments, but there was no longer
162 an adjustment provided for in the Forty-Sixth Interim Order in Docket No. 83-

163 0142. Attachment 4.01 estimates an intrastate access revenue reduction of
164 \$867,130 if there were a complete mirroring of interstate access rates (which
165 would include mirroring the interstate CCL rate element) with no Illinois
166 adjustments.

167

168 Q. Have you reviewed the Administrative Law Judge's Scoping Order entered on
169 September 13, 2002?

170 A. Yes, I have.

171

172 Q. Do you have any initial comments concerning the 10 issues that are set forth on
173 pages 2-4 of the Scoping Order?

174 A. Yes. It is my position that the IITA's Interim Proposal, which is set out and
175 described as Issue I (5) in the Scoping Order, should be adopted by the
176 Commission in its Order in this phase of the docket as a methodology that small
177 companies can use in developing and filing intrastate access charge rates.

178

179 Q. Do you have any comments concerning the various Scenarios and Outcomes that
180 are outlined on pages 4 through 6 of the Scoping Order, either in general or as it
181 pertains to information that will be presented in your testimony?

182 A. No, I do not.

183

184 Q. Are there any of the outcomes in the attachments that differ from the IITA or that
185 are incomplete?

186 A. Yes, there is one Outcome that was not completed. Outcome #6, the state small
187 company subscriber line charge, for all the scenarios was not calculated. Outcome
188 #6 is an averaged of all the small company's revenue shortfalls divided by total
189 small companies access lines. In order to arrive at the state small company
190 subscriber line charge, Adams, Grandview, and Kinsman need to be added into
191 the IITA results for Outcome #6, to correctly calculate the impact.

192

193 Q. Given that explanatory background, can you identify the Attachments to your
194 testimony that contain the Scenario and Outcome results?

195 A. Yes. The Attachments are as follows:

- 196 1. Scenario 1 – GVNW Exhibit 1, Attachment 4.01
- 197 2. Scenario 2 – GVNW Exhibit 1, Attachment 4.02
- 198 3. Scenario 3 – GVNW Exhibit 1, Attachment 4.03
- 199 4. Scenario 4 – GVNW Exhibit 1, Attachment 4.04
- 200 5. Scenario 5 – GVNW Exhibit 1, Attachment 4.05
- 201 6. Scenario 6 – GVNW Exhibit 1, Attachment 4.06
- 202 7. Scenario 7 – GVNW Exhibit 1, Attachment 4.07
- 203 8. Outcome 7 – GVNW Exhibit 1, Attachment 4.08

204

205 Q. Does this conclude your testimony?

206 A. Yes, it does.

207

[Company Name] Telephone Company

GVNW Calculation of the IITA Proposed Access Requirement Calculation

Based on Rate of Return Filing in Docket 00-0233 as Adjusted by Staff

<u>Line #</u>	<u>Description</u>	<u>Source</u>	<u>Amount</u>	<u>Adjustment</u>	<u>Adjusted Amount</u>
Calculation of Total Revenue Requirement					
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ -	\$ -	\$ -
2	Materials and Supplies Inventory	Page 2, 13-Month Average	-	-	-
3	Customer Deposits	Form 23A, P 8, 4040	-	-	-
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	-	-	-
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			-
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	-	-	-
8	Less: Depreciation Expense	Form 23A, P 13, 6560	-	-	-
9	Total WC Operating Expense	line 7 - line 8	-	-	-
10	WC OE Requirement	line 9 * 45 / 360			-
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			-
13	Total Rate Base	line 5 + line 12			-
14	After-tax Cost of Capital				<u>11.21%</u>
15	Target Net Operating Income	line 24 * line 13			-
16	Gross Revenue Conversion Factor	line 37			<u>1.6324</u>
17	Return & Tax Requirement	line 15 * line 16			-
18	Total Operating Expenses	Form 23A, P 14, Total	-	-	-
19	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
20	Other Operating Taxes	Form 23A, P 15, 7240	-	-	-
21	Total Expense Requirement	lines 17, 18, & 19	-	-	-
22	Total Revenue Requirement	line 17+ line 21			-
Calculation of Interstate Revenue/Revenue Requirement					
23	Total Federal Revenue Requirement	Cost Study or Avg Sched Calc			\$ -
Calculation of State Revenue Requirement					
24	State Revenue Requirement	Line 22-line 23			\$ -
Calculation of Revenue Sources					
25	Local Revenues	Form 23A, P 10, Total Local			\$ -
26	State Subscriber Line Charges	Network Service Revenues			-
27	State High Cost Support	Trial Balance 12/31/00			-
28	Imputed Local-1st Yr Local USF Increase	Approved Support-1st year			-
29	Federal High Cost Loop Support	Approved USF schedule			-
30	Miscellaneous Revenues	Trial Balance 12/31/00			-
31	less Interstate B&C Revenues	Trial Balance 12/31/00			-
33	Total Revenue Sources				\$ -

Calculation of State Access Requirement

34	Total State Access Requirement	Line 24-Line 33	\$	-
35	State special access-(w/mirrored rates)	Trial Balance 12/31/00		-
36	State Switched Access Requirement	Line 34-Line 35	\$	-
37	Gross Revenue Conversion Factor	$1 / ((1 - .0718) * (1 - .34))$		<u>1.6324</u>

Cass County

Subscriber Line Revenues Estimated
Interstate Rev Req Adjusted

Attachment 2 - PUBLIC

GVNW Consulting, Inc.
Summary of Illustrative Schedules
Calculating Switched Access Revenue Requirements
Under the IITA Interim Proposal

Company Name (a)	Switched Access Minutes-Local Switching (b) *1	Switched Access Revenue Requirement (c) *1	Estimated Switched Access Rate per Minute (d) *1
3.01 Adams			

*1 PROPRIETARY information not provided.

Adams Telephone Cooperative
GVNW Calculation of the IITA Proposed Access Requirement Calculation
Based on Rate of Return Filing in Docket 00-0233 as Adjusted by Staff

<u>Line #</u>	<u>Description</u>	<u>Source</u>	<u>Amount</u>	<u>Adjustment</u>	<u>Adjusted Amount</u>
Calculation of Total Revenue Requirement					
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 5,238,530	\$ -	\$ 5,238,530
2	Materials and Supplies Inventory	Page 2, 13-Month Average	429,681		429,681
3	Customer Deposits	Form 23A, P 8, 4040	33,946	-	33,946
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	-	-	-
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			5,634,265
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	4,192,562	-	4,192,562
8	Less: Depreciation Expense	Form 23A, P 13, 6560	826,245	-	826,245
9	Total WC Operating Expense	line 7 - line 8	3,366,317	-	3,366,317
10	WC OE Requirement	line 9 * 45 / 360			420,790
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			420,790
13	Total Rate Base	line 5 + line 12			6,055,055
14	After-tax Cost of Capital				12.60%
15	Target Net Operating Income	line 24 * line 13			762,937
16	Gross Revenue Conversion Factor	line 37			1.0000
17	Return & Tax Requirement	line 15 * line 16			762,937
18	Total Operating Expenses	Form 23A, P 14, Total	4,192,562	-	4,192,562
19	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
20	Other Operating Taxes	Form 23A, P 15, 7240	-	-	-
21	Total Expense Requirement	lines 17, 18, & 19	4,192,562	-	4,192,562
22	Total Revenue Requirement	line 17+ line 21			4,955,499
Calculation of Interstate Revenue/Revenue Requirement					
23	Total Federal Revenue Requirement	Cost Study or Avg Sched Calc			\$ 1,177,411
Calculation of State Revenue Requirement					
24	State Revenue Requirement	Line 22-line 23			\$ 3,778,088
Calculation of Revenue Sources					
25	Local Revenues	Form 23A, P 10, Total Local			
26	State Subscriber Line Charges	Network Service Revenues			\$ 591,019
27	State High Cost Support	Trial Balance 12/31/00			378,255
28	Imputed Local-1st Yr Local USF Increase	Approved Support-1st year			27,489
29	Federal High Cost Loop Support	Approved USF schedule			73,711
30	Miscellaneous Revenues	Trial Balance 12/31/00			168,405
31	less Interstate B&C Revenues	Trial Balance 12/31/00			231,894
33	Total Revenue Sources	Trial Balance 12/31/00			-
					\$ 1,470,773
Calculation of State Access Requirement					
34	Total State Access Requirement	Line 24-Line 33			\$ 2,307,315
35	State special access-(w/mirrored rates)	Trial Balance 12/31/00			140,541
36	State Switched Access Requirement	Line 34-Line 35			\$ 2,166,774
37	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .34))			1.0000

GVNW Consulting, Inc.
Calculation of Scenario #1 - Full Mirroring including Interstate CCL
Based on CY 2001 Data

Docket 01-0808
GVNW Exhibit #1
Attachment 4.01
Page 1 of 2

Company Name:		Average Schedule/ Cost	CCL	Transport (Residual) Interconnection Charge	Local Switching	Information Surcharge	Tandem Switched Transport per minute	Tandem Switched Facility (per minute per mile)	Tandem Switching	Total
1	Adams	a	36,802	0	376,523	3,827	22,809	65,121	77,395	582,477
2	Grandview	a	913	0	9,338	95	560	3,076	0	13,982
3	Kinsman	a	1,647	0	16,846	171	1,047	212	0	19,923
Total Avg. Sched. Co.			39,361	0	402,707	4,094	24,417	68,409	77,395	616,382

GVNW Consulting, Inc.
Calculation of Scenario #1 - Full Mirroring including Interstate CCL
Based on CY 2001 Data

Docket 01-0808
GVNW Exhibit #1
Attachment 4.01
Page 2 of 2

Company Name:		Average Schedule/ Cost	Outcome #1 - Full Impact	Outcome #2 - Full Recovery from Local Rates	Outcome #3 - Full Recovery from IUSF	Outcome #4 - Revenue from New Fund	Outcome #5 - Half recovery from local Rates	Outcome #5 - Half recovery from IUSF	Outcome #6 - Small Co SLC Recovery
1	Adams	a	\$ (594,934)	\$ 10.74	\$ 594,934	\$ 594,934	\$ 5.37	\$ 297,467	
2	Grandview	a	\$ (131,773)	\$ 94.66	\$ 131,773	\$ 131,773	\$ 47.33	\$ 65,886	
3	Kinsman	a	\$ (140,423)	\$ 113.61	\$ 140,423	\$ 140,423	\$ 56.81	\$ 70,212	
Total Avg. Sched. Co.			\$ (867,130)	\$ 14.94	\$ 867,130	\$ 867,130	\$ 7.47	\$ 433,565	

GVNW Consulting, Inc.
Calculation of Scenario #2 - Mirror interstate except CCL, w/Illinois Adjustments
Based on CY 2001 Data

Company Name:		Average Schedule/ Cost	CCL	Transport (Residual) Interconnection Charge	Local Switching	Information Surcharge	Tandem Switched Transport per minute	Tandem Switched Facility (per minute per mile)	Tandem Switching	Total
1	Adams	a	0	0	445,473	0	455,913	0	77,395	978,780
2	Grandview	a	0	0	102,759	0	15,458	0	0	118,217
3	Kinsman	a	0	0	107,762	0	22,661	0	0	130,423
Total Avg. Sched. Co.			0	0	655,993	0	494,032	0	77,395	1,227,420

GVNW Consulting, Inc.
Calculation of Scenario #2 - Mirror interstate except CCL, w/Illinois Adjustments
Based on CY 2001 Data

Company Name:		Average Schedule/ Cost	Outcome #1 - Full Impact	Outcome #2 - Full Recovery from Local Rates	Outcome #3 - Full Recovery from IUSF	Outcome #4 - Revenue from New Fund	Outcome #5 - Half recovery from local Rates	Outcome #5 - Half recovery from IUSF	Outcome #6 - Small Co SLC Recovery
1	Adams	a	\$ (198,631)	\$ 3.58	\$ 198,631	\$ 198,631	\$ 1.79	\$ 99,315	
2	Grandview	a	\$ (27,538)	\$ 19.78	\$ 27,538	\$ 27,538	\$ 9.89	\$ 13,769	
3	Kinsman	a	\$ (29,923)	\$ 24.21	\$ 29,923	\$ 29,923	\$ 12.10	\$ 14,962	
Total Avg. Sched. Co.			\$ (256,092)	\$ 4.41	\$ 256,092	\$ 256,092	\$ 2.21	\$ 128,046	

GVNW Consulting, Inc.
Calculation of Scenario #3 - Mirror interstate except CCL, w/Illinois Adjustments except NTS COE
Based on CY 2001 Data

Company Name:		Average Schedule/ Cost	CCL	Transport (Residual) Interconnection Charge	Local Switching	Information Surcharge	Tandem Switched Transport per minute	Tandem Switched Facility (per minute per mile)	Tandem Switching	Total
1	Adams	a	0	0	445,473	0	455,913	0	77,395	978,780
2	Grandview	a	0	0	102,759	0	15,458	0	0	118,217
3	Kinsman	a	0	0	107,762	0	22,661	0	0	130,423
Total Avg. Sched. Co.			0	0	655,993	0	494,032	0	77,395	1,227,420

Calcula

Company Name:		Average Schedule/ Cost	Outcome #1 - Full Impact	Outcome #2 - Full Recovery from Local Rates	Outcome #3 - Full Recovery from IUSF	Outcome #4 - Revenue from New Fund	Outcome #5 - Half recovery from local Rates	Outcome #5 - Half recovery from IUSF	Outcome #6 - Small Co SLC Recovery
1	Adams	a	\$ (198,631)	\$ 3.58	\$ 198,631	\$ 198,631	\$ 1.79	\$ 99,315	
2	Grandview	a	\$ (27,538)	\$ 19.78	\$ 27,538	\$ 27,538	\$ 9.89	\$ 13,769	
3	Kinsman	a	\$ (29,923)	\$ 24.21	\$ 29,923	\$ 29,923	\$ 12.10	\$ 14,962	
Total Avg. Sched. Co.			\$ (256,092)	\$ 4.41	\$ 256,092	\$ 256,092	\$ 2.21	\$ 128,046	

GVNW Consulting, Inc.
Calculation of Scenario #4 - Mirror interstate including CCL, w/Illinois Adjustments
Based on CY 2001 Data

Company Name:		Average Schedule/ Cost	CCL	Transport (Residual) Interconnection Charge	Local Switching	Information Surcharge	Tandem Switched Transport per minute	Tandem Switched Facility (per minute per mile)	Tandem Switching	Total
1	Adams	a	36,802	0	445,473	0	455,913	0	77,395	1,015,582
2	Grandview	a	913	0	102,759	0	15,458	0	0	119,129
3	Kinsman	a	1,647	0	107,762	0	22,661	0	0	132,070
Total Avg. Sched. Co.			39,361	0	655,993	0	494,032	0	77,395	1,266,781

GVNW Consulting, Inc.
Calculation of Scenario #4 - Mirror interstate including CCL, w/Illinois Adjustments
Based on CY 2001 Data

Company Name:		Average Schedule/ Cost	Outcome #1 - Full Impact	Outcome #2 - Full Recovery from Local Rates	Outcome #3 - Full Recovery from IUSF	Outcome #4 - Revenue from New Fund	Outcome #5 - Half recovery from local Rates	Outcome #5 - Half recovery from IUSF	Outcome #6 - Small Co SLC Recovery
1	Adams	a	\$ (161,829)	\$ 2.92	\$ 161,829	\$ 161,829	\$ 1.46	\$ 80,914	
2	Grandview	a	\$ (26,625)	\$ 19.13	\$ 26,625	\$ 26,625	\$ 9.56	\$ 13,313	
3	Kinsman	a	\$ (28,277)	\$ 22.88	\$ 28,277	\$ 28,277	\$ 11.44	\$ 14,138	
Total Avg. Sched. Co.			\$ (216,731)	\$ 3.73	\$ 216,731	\$ 216,731	\$ 1.87	\$ 108,365	

GVNW Consulting, Inc.
Calculation of Scenario #5 - Mirror interstate including CCL, w/Illinois Adjustments except NTS COE
Based on CY 2001 Data

Company Name:		Average Schedule/ Cost	CCL	Transport (Residual) Interconnection Charge	Local Switching	Information Surcharge	Tandem Switched Transport per minute	Tandem Switched Facility (per minute per mile)	Tandem Switching	Total
1	Adams	a	36,802	0	445,473	0	455,913	0	77,395	1,015,582
2	Grandview	a	913	0	102,759	0	15,458	0	0	119,129
3	Kinsman	a	1,647	0	107,762	0	22,661	0	0	132,070
Total Avg. Sched. Co.			39,361	0	655,993	0	494,032	0	77,395	1,266,781

GVNW Consulting, Inc.
Calculat Calculation of Scenario #5 - Mirror interstate including CCL, w/Illinois Adjustments except NTS COE
Based on CY 2001 Data

Company Name:		Average Schedule/ Cost	Outcome #1 - Full Impact	Outcome #2 - Full Recovery from Local Rates	Outcome #3 - Full Recovery from IUSF	Outcome #4 - Revenue from New Fund	Outcome #5 - Half recovery from local Rates	Outcome #5 - Half recovery from IUSF	Outcome #6 - Small Co SLC Recovery
1	Adams	a	\$ (161,829)	\$ 2.92	\$ 161,829	\$ 161,829	\$ 1.46	\$ 80,914	
2	Grandview	a	\$ (26,625)	\$ 19.13	\$ 26,625	\$ 26,625	\$ 9.56	\$ 13,313	
3	Kinsman	a	\$ (28,277)	\$ 22.88	\$ 28,277	\$ 28,277	\$ 11.44	\$ 14,138	
Total Avg. Sched. Co.			\$ (216,731)	\$ 3.73	\$ 216,731	\$ 216,731	\$ 1.87	\$ 108,365	

GVNW Consulting, Inc.
Calculation of Scenario #6 - Rates halfway between frozen intrastate
& mirrored interstate w/Illinois Adjustments, with no CCL,
Based on CY 2001 Data

Company Name:		Average Schedule/ Cost	CCL	Transport (Residual) Interconnection Charge	Local Switching	Information Surcharge	Tandem Switched Transport per minute	Tandem Switched Facility (per minute per mile)	Tandem Switching	Total
1	Adams	a	0	0	494,108	0	545,290	0	77,395	1,116,793
2	Grandview	a	0	0	113,498	0	18,488	0	0	131,986
3	Kinsman	a	0	0	118,281	0	27,104	0	0	145,385
Total Avg. Sched. Co.			0	0	725,887	0	590,882	0	77,395	1,394,163

GVNW Consulting, Inc.
Calculation of Scenario #6 - Rates halfway between frozen intrastate
& mirrored interstate w/Illinois Adjustments, with no CCL,
Based on CY 2001 Data

Company Name:		Average Schedule/ Cost	Outcome #1 - Full Impact	Outcome #2 - Full Recovery from Local Rates	Outcome #3 - Full Recovery from IUSF	Outcome #4 - Revenue from New Fund	Outcome #5 - Half recovery from local Rates	Outcome #5 - Half recovery from IUSF	Outcome #6 - Small Co SLC Recovery
1	Adams	a	\$ (60,618)	\$ 1.09	\$ 60,618	\$ 60,618	\$ 0.55	\$ 30,309	
2	Grandview	a	\$ (13,769)	\$ 9.89	\$ 13,769	\$ 13,769	\$ 4.95	\$ 6,885	
3	Kinsman	a	\$ (14,962)	\$ 12.10	\$ 14,962	\$ 14,962	\$ 6.05	\$ 7,481	
Total Avg. Sched. Co.			\$ (89,349)	\$ 1.54	\$ 89,349	\$ 89,349	\$ 0.77	\$ 44,674	

GVNW Consulting, Inc.
Calculation of Scenario #7 - Rates halfway between frozen intrastate &
mirrored interstate w/Illinois Adjustments except NTS-COE, with no CCL,
Based on CY 2001 Data

Company Name:		Average Schedule/ Cost	CCL	Transport (Residual) Interconnection Charge	Local Switching	Information Surcharge	Tandem Switched Transport per minute	Tandem Switched Facility (per minute per mile)	Tandem Switching	Total
1	Adams	a	0	0	494,108	0	545,290	0	77,395	1,116,793
2	Grandview	a	0	0	113,498	0	18,488	0	0	131,986
3	Kinsman	a	0	0	118,281	0	27,104	0	0	145,385
Total Avg. Sched. Co.			0	0	725,887	0	590,882	0	77,395	1,394,163

GVNW Consulting, Inc.
Calculation of Scenario #7 - Rates halfway between frozen intrastate &
mirrored interstate w/Illinois Adjustments except NTS-COE, with no CCL,
Based on CY 2001 Data

Company Name:		Average Schedule/ Cost	Outcome #1 - Full Impact	Outcome #2 - Full Recovery from Local Rates	Outcome #3 - Full Recovery from IUSF	Outcome #4 - Revenue from New Fund	Outcome #5 - Half recovery from local Rates	Outcome #5 - Half recovery from IUSF	Outcome #6 - Small Co SLC Recovery
1	Adams	a	\$ (60,618)	\$ 1.09	\$ 60,618	\$ 60,618	\$ 0.55	\$ 30,309	
2	Grandview	a	\$ (13,769)	\$ 9.89	\$ 13,769	\$ 13,769	\$ 4.95	\$ 6,885	
3	Kinsman	a	\$ (14,962)	\$ 12.10	\$ 14,962	\$ 14,962	\$ 6.05	\$ 7,481	
Total Avg. Sched. Co.			\$ (89,349)	\$ 1.54	\$ 89,349	\$ 89,349	\$ 0.77	\$ 44,674	

GVNW Consulting, Inc.
Calculation of Outcome #7 - Revenue shortfall associated with interstate TIC shifts,
interstate line port shift, and the state NTS-COE adjustment
Based on CY 2001 Data

Company Name:		Average Schedule/ Cost	Revenue Impact of Interstate Changes	Revenue Impact of Eliminating NTS- COE Adjustment	Total Revenue Shortfall
(a)		(b)	(c)	(d)	(e)
1	Adams	a	\$ (276,026)	\$ -	\$ (276,026)
2	Grandview	a	\$ (27,538)	\$ -	\$ (27,538)
3	Kinsman	a	\$ (29,923)	\$ -	\$ (29,923)
Total Avg. Sched. Co.			\$ (333,487)	\$ -	\$ (333,487)